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CEYLON.

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Ceylon is often referred to as a part of British India, but it is a Crown colony by itself with an entirely separate administration and system of customs duties, posts, telegraphs, etc. It is essentially an agricultural country, and its manufactures are chiefly related to the products of agriculture. Among the home industries weaving, lace making, wood and ivory carving, and brass working have been carried on for generations by a few families, but none of these products enters into the foreign trade.

As there are less than 8,000 whites out of a total (estimated) population of 4,260,700, the needs of the natives rather than those of the Europeans must be considered in trade-extension campaigns. However, the trade is largely handled by Europeans, and the present war, together with internecine troubles in the Island, has tended to strengthen this trade policy on the part of the British. It has been estimated that out of the 4,200,000-odd natives in Ceylon not over 150,000 wear shoes. Further, the natives live on foods grown almost entirely in Ceylon and India. Under these conditions it will be appreciated that the purchasing power in this market is restricted, probably not exceeding that of an American city of 150,000 inhabitants, so far as the possible use of American goods is concerned.

The Island's Chief Industries Affected by War.

Commercial statistics show a slight decrease in the total value of exports of Ceylon products for the calendar year 1914, as compared with 1913, due chiefly to the serious dislocation of agricultural industries on the outbreak of war, which for the most part, however, were restored by the end of December.

The copra industry was most seriously affected, the largest dealers in this product being Germans, who, after the outbreak of war, were not permitted to continue in business. The price of copra fell to $9.75 per candy (560 pounds) on the outbreak of war; but new markets were soon opened, and by the end of 1914 it had advanced to $25.

The plumbago (graphite) industry also suffered from the effects of the war, the exports decreasing from 570,807 hundredweight of 112 pounds in 1913 to 284,562 hundredweight in 1914, the chief causes for this loss being the competition of the Madagascar product and the embargo placed on exports of Ceylon plumbago.

Tea and Rubber Great Staple Products.

Tea and rubber are the great staple products of Ceylon. Out of approximately $70,000,000 worth of Ceylon produce exported in 1914 nearly $50,000,000, or close to three-fourths, represented tea and rubber.

As a result of the shortage of rainfall early in 1914, the estimate of the tea crop was not quite realized, although it was slightly in excess of the output in 1913. The price of tea reached the highest point in several years, the average being 0.464 rupees (slightly over 15 cents) per pound. The lowest price during the last five years was in 1910, when it was 0.435 rupees (slightly over 14 cents).

The rubber outlook was uncertain during the latter part of the year on account of restricted markets, especially the embargo affecting shipments to America. In December standard crêpe fell to 1s. 11½d. (47.6 cents) per pound, the lowest price of the year. It is an interesting observation that the price of Ceylon rubber fell from an average of 4.78 rupees ($1.55) per pound in 1910 to 1.42 rupees (46 cents) in 1914. Reduced cost of production, however, is said to have more than kept pace with the decreased market price.

To replace the acetic acid used in rubber coagulation that was largely imported from Germany and Austria before the war various investigations have been started. The most successful of these experiments seems to have been with coconut water, which is now regularly used on some rubber estates. [A report on the new rubber coagulant was printed in Daily Consular and Trade Reports for Dec. 11, 1914.]

Production of Cacao, Rice, Tobacco, and Coffee.

The cacao crop was below that of 1913, and, as a result of the wet weather during the last three months of the year, the quality was poor. After the outbreak of war lower grades were practically unsalable. The market recovered, however, so that the year ended with prices slightly higher than those at the close of 1913.

It is a surprising condition in Ceylon that rice is not grown in nearly sufficient quantities for home consumption. British India ships considerable quantities to Ceylon. There are vast tracts of irrigable land on the island now uncultivated, which would be suitable for paddy fields; but how to bring about the utilization of this rich land remains unsolved.

The most important work initiated by the Agricultural Department during the year 1914 was the establishment of a tobacco trial ground in Jaffna by an American tobacco expert, who arrived in Ceylon June, 1914. Pipe, chewing, wrapper, cigarette, and filler types are being tested, and, although the grades have so far proved of low quality, the prospects are said to be good.

At one time the cultivation of coffee was a thriving industry on the island, but as the plants were ravaged by a disease they were replaced by other tropical products. Five varieties of coffee are grown at the Government station at Peradeniya (near Kandy). The Director of Agriculture reports that, judging by the demand for seed, coffee culture appears to be slowly regaining favor.

Foreign Trade of Ceylon.

The total trade of Ceylon (excluding treasure and coal for steamers) during the year ended December 31, 1914, was valued at $126,750,068, a decrease of $9,206,945, as compared with 1913, which, in view of various adverse conditions during the year, reflects a prosperous year commercially.

During a part, if not all, of the five-month-period of the war the trade was adversely affected by the cessation of imports to and ex-

ports from the enemy countries, the embargoes on rubber and plumbago, the shortage of tonnage with the increased costs of freights and insurance, and decreased credit facilities.

The following table shows the annual value of the foreign trade of Ceylon (excluding treasure and coal for steamers) for the last five years:

Year.	Imports.	Exports and reexports.	Total.
1910	$48,728,475	$54,008,935	$102,737,410
1911	50,931,526	58,568,763	109,500,289
1912	56,880,615	64,547,602	121,428,217
1913	60,368,312	75,588,731	135,957,043
1914	55,905,553	70,844,514	126,750,068

Of the total exports in 1914, $68,361,802 represented Ceylon produce and manufactures, the remaining $2,482,712 being the value of foreign goods reexported.

During the year 1914 Great Britain and its colonies were credited with approximately 75 per cent of Ceylon's foreign trade, which was about 5 per cent greater than in the preceding year. This increase is merely statistical, however, because during the war period many cargoes destined for neutral countries were consigned to the United Kingdom for transshipment in order to secure more effective supervision than direct shipments permitted. Moreover, considerable imports come into Ceylon credited to the United Kingdom, when as a matter of fact they originated elsewhere. For instance, United States is credited with imports valued at $773,343 and $742,209, respectively, for the years 1913 and 1914. It is a safe estimate, based upon investigations made by this office, that the actual value of American goods imported into Ceylon is about double that shown by the customs figures; in any case, it is well above $1,000,000.

Distribution of Trade.

The following table shows the distribution by countries of Ceylon's total foreign trade (including imports and exports of treasure) during the calendar years 1913 and 1914:

Countries.	Imports.		Exports and reexports.	
	1913	1914	1913	1914
British Empire:				
United Kingdom	$18,881,899	$16,709,692	$34,264,294	$37,491,133
Australasia	1,245,202	1,144,731	4,585,251	5,172,160
British America	26	3,530	1,274,837	1,402,783
British India	29,804,392	24,224,081	2,944,916	2,018,341
Hongkong	559,205	433,227	45,006	112,655
Maldive Islands	717,434	679,116	77,142	64,659
Straits Settlements	3,695,706	4,997,592	374,269	282,968
Other	761,359	829,145	404,937	821,623
Total	55,656,223	49,021,114	43,970,652	47,366,222
Europe:				
Austria-Hungary	305,619	336,230	486,547	583,836
Belgium	561,330	444,456	3,571,262	2,170,529
Denmark	28,798	22,904	186,586	817,229
France	477,444	467,636	290,356	402,371
Germany	1,953,899	1,394,506	7,383,715	3,807,070
Netherlands	436,720	477,613	185,735	488,844
Italy	324,284	258,044	139,156	65,504
Norway	50,996	61,602	412,340	237,935
Roumania		4,842	32,199	46,588
Russia	26,894	18,054	3,373,206	2,147,522

Countries.	Imports.		Exports and reexports.	
	1913	1914	1913	1914
Europe—Continued.				
Spain	$20,335	$25,507	$159,222	$173,161
Sweden	112,040	131,222	66,597	45,712
Switzerland	154,046	120,887	101,855	4,107
Other	22,616	16,614	8,498	6,113
Total	4,475,021	3,780,117	16,397,274	10,996,521
America:				
United States	773,343	742,209	12,554,080	10,200,612
Other	18,513	6,148	131,166	55,053
Total	791,856	748,357	12,685,246	10,255,665
Asia:				
Borneo	307,780	255,058	19,320	6,614
China	231,187	297,084	1,244,567	899,062
India	205,001	257,286	73,863	66,212
Japan	1,333,144	955,793	295,657	219,476
Java	1,058,575	836,482	29,865	18,707
Persia	6,390	492,659	2,349	289
Philippines	7,028	5,563	125,813	117,102
Russia	400,624	85,977	1,032,746	905,223
Siam	226,278	612,506	1,152	578
Other	7,996	8,842	97,379	49,243
Total	3,784,003	3,807,250	2,922,721	2,282,506
Africa	63,022	57,209	221,672	271,339
Grand total	64,770,125	57,414,047	76,197,565	71,172,253

British India, the United Kingdom, and the Straits Settlements supplied 80 per cent of Ceylon's imports in both 1913 and 1914, this predominance, excepting in the case of the United Kingdom, being due to imports of rice, the staple food article of the natives.

Trade with Germany and United States.

Germany ranked first among countries outside the British Empire exporting to Ceylon, but its proportion was only 3.24 and 2.49 per cent, respectively, for 1913 and 1914, while its percentage in 1912 was about the same as in 1913.

The United States, like Germany, is unimportant as a source of supply for Ceylon, but rather important as a market for Ceylon products. In 1914 the United States bought approximately eleven times more goods from Ceylon than it sold in return, while in 1913 the disparity was still greater, being 13 to 1. These figures are not very accurate, however, because much goods from the United States is credited to the United Kingdom, being indented (ordered) from depositories there.

Ceylon, being an important source of raw products (especially rubber) for large American manufactures, will always sell much more to the United States than it will buy in return, although American trade can, and doubtless will, be extended more than has been done.

Effects of War on Import Trade.

Imports into Ceylon from Germany for 1914, compared with 1913, showed a loss of approximately 30 per cent, representing a value of $559,393. Goods imported from Austria-Hungary showed an increase from $305,619 in 1913, to $336,230 in 1914, which was largely due to increased imports of refined sugar.

Japan's increased imports of acetic acid and wearing apparel makes it appear that Germany's trade in these two articles is being captured by the Japanese.

The United States has a great opportunity to capture the automobile trade of Ceylon. The price reductions announced in America do not seem to have lowered the retail price of the same American cars in Ceylon, for the reason that dealers are experiencing difficulty in getting deliveries, hence they assert their ability to dispose of what they can get at high prices. The United States imported automobiles and parts to the value of $89,739 in 1913 and $112,500 in 1914.

Principal Imports.

Imports of merchandise from all countries into Ceylon in 1914 were valued at $55,905,553, or $4,462,758 less than in the preceding year. In the following table is shown the value of the leading articles imported into Ceylon in the last two years:

Articles.	1913	1914	Articles.	1913	1914
Animals, live	$404,421	$316,735	Manufactured articles—Continued.		
Food and drink:			Gunny bags	$160,398	$161,260
Areca nuts	56,713	1,730	Haberdashery	784,232	717,218
Bacon	41,618	37,939	Hats and bonnets	96,213	73,780
Beer and ale	99,150	105,555	Jewelry	216,281	160,668
Biscuits	202,846	171,131	Lamps	92,179	75,524
Butter	132,009	118,509	Leather goods	70,217	57,288
Coffee	307,602	279,092	Machinery	1,242,899	764,385
Confectionery	163,751	123,978	Matches	79,105	89,463
Curry, stuffs	746,213	713,079	Musical instruments	65,668	54,809
Fish—			Painters' colors	105,109	83,677
Cured	724,586	517,693	Paper	209,730	182,347
Tinned	54,070	49,339	Perfumery	69,158	63,863
Other	724,899	676,606	Poonac-gingeli	662,927	615,072
Flour, wheat	721,077	642,209	Shoes	125,842	142,870
Fruit—			Soap	265,651	254,756
Fresh	51,757	51,605	Stationery	114,037	110,224
Preserved	105,387	93,532	Tea chests	815,726	903,844
Ghee	51,596	45,083	Umbrellas	228,298	113,062
Grain—			Watches	85,943	66,676
Beans	189,936	94,450	Metals:		
Gram	210,290	156,254	Barbed wire	152,149	118,132
Oats	59,403	61,333	Brassware	123,001	66,597
Paddy	566,598	598,781	Hardware	1,125,480	791,364
Peas	347,007	389,415	Iron—		
Rice	16,635,138	16,734,381	Galvanized	549,159	334,358
Ham	54 429	42,121	Hoop	92,609	65,223
Meat, frozen	34,858	38,702	Lead—		
Milk, preserved	168,831	175,450	Pig	248,756	301,544
Onions	295,913	280,698	Tea	144,221	198,700
Potatoes	351,090	273,037	Nails and rivets	43,457	46,445
Seeds, sesame (gingeli)	101,795	84,793	Steel, cast	358,516	166,352
Spirits—			Steelware	237,399	82,090
Brandy	146,344	159,660	Tin slabs	33,389	32,821
Champagne	38,282	32,191	Other	472,298	336,873
Gin	198,734	161,839	Tobacco, and manufactures of:		
Whisky	234,207	228,925	Cigarettes	298,237	317,761
Sugar	1,805,239	1,711,282	Cigars	24,863	24,968
Manufactured articles:			Other	27,337	25,205
Acids	48,520	63,697	Raw materials and miscellaneous:		
Books	172,071	164,859	Coal	4,337,817	3,571,121
Bran	71,532	73,429	Cotton, raw	85,615	65,687
Bricks and tiles	100,479	106,653	Hides	28,136	9,005
Candles	97,724	128,488	Manures—		
Cars, motor	785,502	844,753	Chemical	431,862	379,614
Casks and shooks	87,688	66,471	Other	1,971,185	1,601,890
Cement	259,531	219,246	Oil—		
Chemicals	280,504	275,666	Castor	42,100	34,883
Chinaware	211,019	176,128	Kerosene	673,098	775,515
Bicycles and parts	141,585	145,227	Fuel	174,325	162,223
Earthenware	63,396	73,887	Lubricating	83,186	87,579
Electrical goods	77,348	58,620	Petrol	152,852	192,695
Embroidery	65,658	61,861	Precious stones	242,536	199,561
Explosives	96,414	93,157	Rubber	1,789,854	1,805,705
Fancy articles	242,930	150,920			
Furniture	48,493	43,685			
Glass	173,924	127,644			

Articles.	1913	1914	Articles.	1913	1914
Raw materials and miscellaneous—Contd.			Textiles—Continued.		
Seeds—			Piece goods—Contd.		
Cotton	$63,410	$71,341	Gray (unbleached)	$343,980	$297,827
Tea	47,314	32,605	Printed	569,777	454,195
Timber	415,605	430,651	Other	338,413	367,188
All other	365,744	322,776	Silk and satin	243,121	209,140
Textiles:			Thread	123,749	80,885
Apparel	409,083	416,831	Woolen goods	192,278	202,401
Lace and net	108,184	80,902	Yarn and twist, dyed	77,085	47,954
Piece goods—			Mixed material	331,449	256,857
Dyed	1,786,121	1,496,932	All other articles	5,372,765	5,289,900
Bleached	1,093,355	1,314,640	Total	60,368,311	55,905,553

Imports from the United States.

Direct imports of American merchandise into Ceylon in 1914 were valued at $742,209, as against $773,343 in 1913. Receipts of cotton piece goods fell off from $70,282 in 1913 to $34,519 in 1914; but those of automobiles and parts advanced from $89,739 to $112,500, and of kerosene from $265,777 to $292,399, respectively. The articles were as follows:

Articles.	1913	1914	Articles.	1913	1914
Boots and shoes	$47	$3,409	Lamps	$1,720	$2,281
Cars, carriages, and parts:			Musical instruments:		
Automobiles and parts	89,739	112,500	Phonographs	3,757	411
Bicycles and parts	1,030	1,881	Other	2,599	2,066
Carriages and carts	1,915	324	Oil, mineral:		
Chemicals: Acids	872	4,840	Fuel	21,259	.....
Chemist's sundries	19,854	17,440	Gasoline	1,622	1,629
Clocks	12,757	14,432	Kerosene	265,777	292,399
Cotton piece goods:			Lubricating	36,732	32,396
Gray (unbleached)	68,646	31,060	Oilcloth	3,904	2,400
White (bleached)	1,319	3,374	Paints and varnishes	3,780	3,815
Colored (dyed)	317	85	Photographic materials	3,007	5,140
Electrical materials	2,727	1,999	Soap, toilet	2,512	2,630
Fish, canned	9,338	9,611	Stationery	3,279	3,668
Fruit, preserved	7,055	10,791	Wearing apparel	3,885	2,450
Haberdashery	2,368	2,801	Wood, manufactures of:		
Iron and steel, and manufactures of:			Casks and shooks	41,153	22,958
Barbed wire	21,448	14,052	Furniture	1,650	1,085
Firearms	2,412	1,820	All other articles	62,640	70,966
Hardware	30,558	28,033	Total	773,343	742,209
Machinery	34,607	27,034			
Typewriters	7,058	10,430			

Principal Exports.

During the year under review Ceylon exported $68,361,802 worth of its produce and manufactures, as against $72,749,722 worth in 1913. This relatively small decrease, in view of the general depression caused by the war, is evidence of the stability of the exports from a country endowed by nature with good crops for which there is an ever-increasing demand in the world's markets. The quantity and value of the leading articles exported follow:

Articles.	1913		1914	
	Quantity.	Value.	Quantity.	Value.
Areca nuts.....cwt..	102,055	$985,986	93,200	$583,468
Cacao.....do....	68,526	978,870	54,633	669,280
Cardamoms.....do....	4,051	302,483	3,496	229,659
Cinnamon.....do....	45,900	783,050	36,431	482,091
Coconuts:				
Fresh.....No..	16,861,324	451,396	11,429,594	289,665
Desiccated.....cwt..	303,808	2,552,201	311,864	2,543,095

Articles.	1913		1914	
	Quantity.	Value.	Quantity.	Value.
Coir:				
Yarn.....cwt....	115,084	$506,659	109,123	$441,828
Fiber.....do....	253,999	508,438	227,931	419,279
Copra.....do....	1,117,292	6,799,815	1,411,947	7,542,322
Oils:				
Citronella.....lbs..	1,640,705	536,189	1,443,550	447,233
Coconut.....cwt..	546,984	5,430,215	486,286	4,344,869
Plumbago.....do....	570,807	2,935,212	284,562	1,380,190
Poonac.....do....	236,592	354,530	211,342	296,224
Rubber.....do....	226,491	19,877,587	306,724	18,563,935
Tea.....lbs..	191,509,414	28,481,033	194,583,592	29,109,805
Tobacco.....do....	4,279,188	278,679	4,821,224	313,482
All other articles.....	.....	987,379	.....	799,471
Total.....	.....	72,749,722	.....	68,361,802
Reexports.....	.....	2,839,015	.....	2,482,712
Specie.....	.....	608,828	.....	327,739
Grand total.....	.....	76,197,565	.....	71,172,253

Tea and rubber formed nearly 75 per cent of the Island's total exports. Tea showed only a slight increase over 1913 in both quantity and value. Rubber, however, increased in quantity by more than one-third, but showed a decrease of nearly 8 per cent in value, due entirely to the steady decline in the price of rubber. This has not adversely affected the industry in Ceylon, because of the decreased cost of production.

Declared Exports to the United States.

The total declared value of the exports from Ceylon to the United States in 1914 showed a decrease of approximately 14 per cent, compared with the preceding year; the value for 1914 being $10,984,472, against $12,780,737 in 1913. The items amounting to more than $1,000,000 in value were: Raw rubber, $4,752,219, compared with $5,089,167 in 1913; coconut oil, $2,207,688, compared with $3,336,447 in 1913; tea $1,921,546, against $1,474,923 in 1913; and plumbago $876,304, against nearly double that amount ($1,622,917) in 1913.

The following table shows the value of exports from Ceylon to the United States and possessions in 1913 and 1914, according to the invoices certified at the American consulate at Colombo:

Articles.	1913	1914	Articles.	1913	1914
TO UNITED STATES.			All other articles.....	$15,501	$8,495
Cardamoms.....	$48,844	$47,421	Total.....	12,780,737	10,984,472
Cinnamon.....	81,885	115,992			
Cinnamon oil.....	11,022	.....	TO PHILIPPINE ISLANDS.		
Citronella oil.....	168,530	192,746			
Cacao.....	74,898	82,494	Cacao.....	151,816	120,062
Coconut:			Tea.....	11,773	13,127
Fresh.....	11,811	.....	All other articles.....	2,090	2,329
Desiccated.....	675,738	649,085			
Oil.....	3,336,447	2,207,688	Total.....	165,679	135,518
Coir yarn.....	42,310	35,790			
Coireen.....	8,535	2,192	TO HAWAII.		
Crude drugs.....	27,616	20,035			
Coir fiber.....	20,560	10,611	Coconut, desiccated.....	300	.....
Papain.....	8,118	26,445	Lace.....	136	.....
Plumbago.....	1,622,917	876,304	Tea.....	3,622	5,077
Precious stones.....	25,538	15,044			
Rubber.....	5,089,167	4,752,219	Total.....	4,058	5,077
Tea.....	1,474,923	1,921,516			
Tea fluff.....	36,377	20,365			

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American Trade Opportunities.

British influence is so predominant in the Ceylon market that probably very little new business has been or can be secured by American exporters without their sending out personal representatives to build up and maintain the trade. Americans have to contend with the strong patriotic sentiment in favor of British goods, which can not be done by the mere sending of catalogues and letters. American salesmen who have called in Colombo since the outbreak of war report good success, notably in such lines as motor cars and accessories, hardware, drug and medical supplies, hoop iron for tea and rubber chests, and general machinery. Such lines as cotton piece goods, electrical supplies, musical instruments, and haberdashery enjoy a good market locally, but British competition has largely kept out the American product.

It would seem that, while American exporters might improve their methods in adapting their goods to the taste and idiosyncrasies of foreign markets, they must depend on quality and not cheapness as their chief asset. Further, this market must be worked with the idea of making it permanent, for some American business has been lost because exporters have not always scrupulously filled orders when demands at home made their foreign business unnecessary.

Shipping Movements.

The total number of vessels entering the ports of Ceylon in 1914 was 4,401, representing a tonnage of 9,338,535. These figures show an increase of 118 vessels, but a decrease of 765,192 tons, as compared with the preceding year. The distribution, according to nationality, omitting warships and vessels calling merely to coal, for the years 1913 and 1914 is shown in the following statement:

Nationality.	1913		1914	
	Number.	Tons.	Number.	Tons.
British	1,660	5,075,607	1,840	4,610,513
Colonial	992	93,657	1,033	83,813
Total British ships	2,652	5,169,264	2,873	4,694,326
German	251	1,013,884	151	612,852
French	131	461,530	116	403,375
Japanese	100	416,620	105	435,657
Dutch	104	330,268	120	446,706
Austrian	110	326,428	77	225,966
Russian	62	168,086	38	98,600
Spanish	26	64,819	26	63,297
Italian	17	48,003	19	52,349
Danish	16	38,328	16	45,640
Norwegian	23	36,084	25	31,440
Maldivian	123	13,301	108	13,428
Siamese	5	8,139	1	2,228
Swedish	1	3,267	3	7,312
Greek			4	12,351
Total foreign ships	969	2,928,757	809	2,451,201
Grand total	3,621	8,098,021	3,682	7,145,527

U.S. DEPOSITORY

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